Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Waiver Petition of Virgin Islands Telephone Corporation	)	File No. Docket 92-237

To: The Commission

DECLARATION OF EMIEL MICHIELS

1. I am Vice President – Planning and Engineering for the Virgin Island Telephone Corporation ("Vitelco"). My responsibilities include, but are not limited to, the planning and development of Vitelco's modernization program and the purchase, deployment, and integration of new telecommunications equipment within the Virgin Islands telephone system. I submit this Declaration to support Vitelco's Petition for Extension of Waiver of the Commission's Rules Regarding Transition to Four-Digit CICs filed in the above captioned matter.

I. VITELCO'S ACTIONS REGARDING ALCATEL

2. Alcatel is the manufacturer of two main switches (or hosts) and sixteen remotes providing switching in Vitelco's system. Originally, Vitelco planned to modify its existing Alcatel switches, the 1210, and their associated remotes in order to comply with the Commission's new four-digit CIC rules. While this approach would be faster and far less expensive than a replacement strategy, it would require, however, a hardware and software upgrade in order to support Alcatel's compliant software, called GSM 304, because the 1210s were over fifteen years old and not technologically up-to-date.

3. In fact, Vitelco even began to act on the four-digit CIC requirement before the Commission announced its final decision in the October 1997 CIC reconsideration order that the implementation date was going to be moved up to January 1, 1998. One month earlier, in September 1997, Vitelco spoke with Alcatel asking what sort of upgrades to Vitelco's switches would be required to support the software needed to implement four-digit CICs. Vitelco followed up this conversation with a memorandum requesting Alcatel to confirm in writing what was needed to upgrade the switches to comply with the four-digit CIC rule. *See* Exhibit 1.

4. After the release of the Commission's October 1997 CIC reconsideration order, Vitelco once again spoke with Alcatel regarding what modifications would be needed to the 1210 to support four-digit CICs. During that discussion Alcatel gave Vitelco a rough estimate (the actual quoted price would turn out to be substantially higher) as to the cost of the modifications. However, before Vitelco could finalize the budgeting and planning required to implement the proposal, it needed a written quotation. Thus, in early October, Vitelco followed up its conversations with Alcatel with yet another written request for a firm quotation on the price to upgrade the Alcatel switches. *See* Exhibit 2.

5. Throughout November, December, and January, several calls were placed to Alcatel requesting a firm written estimate as to the cost of the modifications. On different occasions, Vitelco spoke with John Johnston, William Jones and Scott Meyers about obtaining the necessary documentation so that Vitelco could begin the budgetary and planning processes required to implement the upgrades. Each time the Alcatel representative told Vitelco that a written proposal and a written estimate of costs would be forthcoming. Such documentation was particularly important to Vitelco because, during the first part of 1998, Vitelco was in the midst

of a major corporate reorganization that disrupted the leadership of the firm. For example, during that period, Vitelco had three different people serve as its president.

6. Then, in the first part of February, Scott Meyers of Alcatel informed Vitelco that it had developed a proposal but that it was being evaluated by Alcatel's legal department and was being delayed there. The prolonged nature of this review was due to the fact that Vitelco's old parent, ATN, had sued IT&T over a dispute concerning the operation of the 1210s. Alcatel later purchased the switching section of IT&T and assumed the liability. As a result, Alcatel apparently decided that, prior to sending any type of a formal written offer to Vitelco, it would send any bid proposals through its legal department to minimize the risk of any future litigation with Vitelco.

7. In March, Alcatel told Vitelco that it now estimated that upgrading each switch would cost approximately $436,000 per switch, substantially more than the previous estimate. Again, Vitelco requested that Alcatel provide a written confirmation of the estimate. Finally, on April 1, 1998, Alcatel confirmed its estimate and gave Vitelco a firm price of $476,422 for the St. Thomas switch and $407,511 for the St. Croix switch. However, Alcatel stated in the offer that it would not warrant the performance of the GSM 304 hardware and software and that it expected the upgrade would cause problems with the switches. *See* Exhibit 3.

8. Despite the confused nature of the leadership situation in Vitelco, the Vitelco staff moved quickly on Alcatel's written offer. Northern Telecom ("Nortel"), another switch manufacturer, was contacted soon after Alcatel's formal proposal was received and was requested to provide a proposal to replace the Alcatel switches and remotes. Nortel dispatched a team to the Virgin Islands and quickly developed two proposals, a one switch option and a two switch option. Vitelco analyzed the Nortel proposals keeping in mind the need for redundancy (due to

hurricanes), the economic benefits of vertical features, and the necessity to solve the year 2000 issue. By the first part of May, Vitelco decided to replace its switches with Nortel equipment, adopted the two switch system option, and began negotiating with Nortel on price and features. Before May was out, a tentative agreement was reached with Nortel. A final contract was signed in the first part of June.

II. THE SWITCH REPLACEMENT PROCESS

9. The modernization program that Vitelco has contracted with Nortel to implement includes the replacement of the two Alcatel 1210 hosts with two Nortel DMS-100s and upgrades to sixteen remotes. Nortel is scheduled to complete delivery of the equipment for St. Thomas (one DMS-100 and six remotes) by November 6, 1998 and to complete the delivery of the St. Croix equipment (one DMS-100 and ten remotes) by April 4, 1999. This modernization not only will satisfy the Commission's CIC requirements but will allow Vitelco to more easily implement local number portability, an the new software will be Year 2000 compliant.

10. The process begins at the host. Prior to delivery, Vitelco will add additional power and air conditioning to those buildings where it is needed to support the Nortel equipment. These additions may be needed because, for a time, two switches will be running simultaneously. Then, after the host is delivered to Vitelco, personnel from Nortel begin the physical installation of the switch – a process that usually takes nine to twelve weeks. The first step is to assemble and install the equipment in the physical place where the switch will be located. After the switch is in place, Nortel installs the software and runs a series of tests to ensure that the switch is operating correctly. After Nortel is satisfied that the switch is operating in the manner that it should, it asks Vitelco for formal acceptance. At this point, Vitelco inspects the switch, certifies

Nortel's test results, and runs its own tests. If Vitelco's inspection is satisfactory, then Vitelco "quality accepts" the switch from Nortel.

11. After the host is accepted, the host is integrated into the network via trunking. In addition, Vitelco's technicians will add any lines to the new switch that are needed to accommodate what is moved from the older switch. Next, a frame crew from Vitelco will begin the process of transferring the jumpers (the customer's lines) from the old switch to the new one. This is a painstaking process as each line must be physically moved, one-by-one, from the old host to the new. Vitelco estimates that a crew can move around 85-100 lines per night. Thus, transfer process is expected to take around two months in St. Thomas and about three months in St. Croix. Then, as each line is moved, any data regarding that line in the old switch must then be transferred to the new switch. Further, the process must be accomplished at night in order to minimize disruption to customers.

12. While Vitelco crews work to transfer customer lines to the new host, Nortel begins the process of replacing the remotes. This process, like that of the procedure to change the host, includes assembling and installing the equipment and then testing it. This step takes about one to three weeks on average for each remote. After Nortel finishes installing a remote and it is quality accepted by Vitelco, Vitelco crews move in and begin the process of transferring the lines, again one-by-one. As with the host switches, Vitelco expects to perform this operation at a rate of 85-100 lines per night. The overall timing widely varies depending upon the size of the remote. After the nightly physical transfer is complete, a different crew takes data from the old and new remotes and feeds that into Vitelco's billing, assignment, testing and other systems. After the data is transferred, the installation is complete. During the period of time that Vitelco is working on one remote, Nortel proceeds to the next site and begins the physical installation of the next

remote. Once Nortel finishes with that remote, Vitelco brings in another crew to begin the line transfer process at this second remote. As Nortel finishes subsequent remotes, the Vitelco crews will hopscotch one another from remote to remote. As with the host, the work to be done by Vitelco on the remotes must be done at night in order to minimize customer disruption. Thus, a third crew will be integrated into the rotation to give the first two crews breaks.

13. In addition to the general steps describe above, there is some additional work peculiar to the individual hosts at St. Thomas and St. Croix. At the St. Thomas switch, once the lines of the host have been moved from the old equipment to the new, the toll section of the host must be transferred (all interexchange traffic to and from the Virgin Islands passes through this switch). Fortunately, this work can be accomplished during the day by using trunking. However, this work requires the expertise of yet a different crew to accomplish. On St. Croix, an additional step is necessary to replace the host because Vitelco is moving this switch from Mon Bijou to Christiansted in order to locate this switch at the point where the microwave feed comes in from St. Thomas. (Currently, the microwave feed is sent from Christiansted to Mon Bijou via fiber cable.) Vitelco will first tie in the new host into the network via trunking and then move traffic to this new host. After the new host has been integrated into the network, Vitelco can begin the process of transferring lines from the co-located old remote (about 9,700 lines). However, because only one-third of the traffic can be transferred to the new host, the integration process will need to be repeated two additional times.

14. It is in Vitelco's economic interest to speed the installation of the Nortel switches because this equipment has several features of great value to Vitelco. However, the timing of the entire process is heavily dependent upon the ability of Nortel to deliver and install its equipment in a timely manner. Not only has Nortel told Vitelco that it faces an equipment shortage (Vitelco

based in Puerto Rico to install its equipment on the Virgin Islands. Nortel has other obligations in the region that it must staff with its Caribbean based personnel.

15 Vitelco also has its own personnel constraints. Due to union rules, Vitelco cannot hire extra contractors or temporary workers to supplement the crews that will be performing the individual line transfer without expanding its permanent work force. Further, these same rules also prohibit Vitelco from using anyone other that frame crews on the line transfer work. Another constraint is the fact that while some crews are performing the transfers at night, other crews must remain on duty during the day in order to handle the ordinary work of keeping Vitelco's network running. Finally, under the union contract, prior to moving a crew from day to night hours, Vitelco is required to give that crew one week notice before the calendar week the change begins While Vitelco is legally obligated to follow the contract at all times, strict adherence to these rules is particularly important at this time because negotiations with the union on a new contract begin next year. Each of these factors severely constrain the ability of Vitelco to throw any additional manpower than that already reflected in the schedule provided to the Commission.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 26th day of June, 1998.

Ethiel Michiels
Vice President – Engineering and Planning
Virgin Islands Telephone Corporation

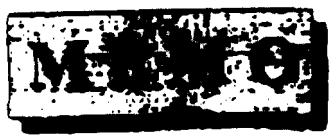
TERRITORY OF THE VIRGIN ISLANDS
JUDICAL DISTRICT OF ST. THOMAS & ST. JOHN

Sworn and subscribed before me

this 26 day of June 1998

SERGE P. BRITTON
NOTARY PUBLIC

EXHIBIT ONE



To John Johnson

From Lena Steele Williams

Date: Friday, September 6, 1996

Subject: 4 digit CIC Quotation

Per our discussion, we need the software and hardware requirements for supporting 4 digit carrier identification codes on the 1210 switches in St. Thomas and St. Croix.

Please provide a quotation for GSM 304 and any other requirement.

xc:

Emiel Michiels

EXHIBIT TWO

Virgin Islands Telephone Corporation
P O Box 6100 St Thomas
U S Virgin Islands 00804-6100

October 08, 1997

Jerry Johnston
Technical Support Specialist
Alcatel Network Systems
Technical Services
2912 Wake Forest Road
Raleigh, NC 27609

Dear Mr. Johnston:

The response to the attached request was a verbal quote of $220,000 for St. Thomas and $200,000 for St. Croix.

In order to finalize our plans, we are now requesting a firm written quotation for 4-digit CIC implementation on the 1210.

Sincerely,

Lena Steele Williams
Central Office Engineer

EXHIBIT THREE

SYSTEMS INTERNATIONAL

April 01, 1998
Letter Serial: RDT98019

Virgin Island Telephone Co.
PO Box 6100
Charlotte Amalie, U.S.V.I. 00804-6100

Attn: Mr. Emiel Michiels. V.P, Engineering and Planning

Subject: Budgetary Proposal to Upgrade to GSM 304 (75-8182)

Dear Mr. Michiels,

Per your request to provide the necessary hardware, software and engineering changes to upgrade your Charlotte Amalie and Mon Bijou Offices to GSM 304, Alcatel Systems International, Inc. (Alcatel), a wholly owned subsidiary of Alcatel Network Systems, Inc., is pleased to provide the attached firm-fixed price quotation.

VITELCO should be advised, however, that Alcatel does **NOT** technically agree that adding the requested GSM 304 features to the 1210 switch will be in the best interest of VITELCO and VITELCO's customers. Alcatel believes the additional loading to the switch will cause an increased frequency of restarts on the switch, and other alternatives, including a complete removal and replacement of the switch, should be considered. Accordingly, Alcatel makes **NO WARRANTY** regarding the performance of the GSM 304 hardware and software on the 1210 switch owned by VITELCO. Any and all problems encountered, including restarts, will be at the risk of the VITELCO.

In the event; however, VITELCO wishes to proceed with the upgrade to the 1210 switch to include the GSM 304 features, Alcatel wishes to make an economic proposal to VITELCO:

As you are well aware, and in accordance with the Settlement Agreement entered into on July 01, 1989, to resolve a dispute between Alcatel and VITELCO, Alcatel owes $420,000 to VITELCO. Alcatel wishes to fulfill its responsibility under the terms of the Settlement Agreement. According to the attached documents, the price of the Charlotte Amalie Base Proposal is $476,422. If VITELCO wishes to purchase the GSM 304 upgrade for Charlotte Amalie, Alcatel will provide all of the necessary hardware, software and engineering support, FREE OF CHARGE, if VITELCO will sign a document releasing Alcatel from any and all responsibilities in connection with the Settlement Agreement, including the payment of the $420,000. In this case, VITELCO would receive a $476,422 upgrade in return for releasing Alcatel of the responsibility to pay $420,000, a savings to VITELCO of $56,422! Purchases of any other items contained within this proposal will be at the prices shown in the attached documents.

Alcatel's Standard Terms and Conditions will apply to all other aspects of this quotation.

Alcatel sincerely hopes VITELCO will consider this generous offer because we would like to bring closure to our responsibility.

If you have any technical questions, please contact Mr. Jeffrey R. Turner at 919-850-5045. Contractual issues should be directed to the undersigned at 972-996-5965.

Sincerely,

Roy D. Todd
Senior Contract Manager

cc:	Turner	WFR
	Olmeda	407-200
	England	407-307
	Wolfe	407-400